Secretariat (1932) Department

75 SERIES.

G.O. No. 741

DATED 1/6/1932

[Despatch Abstract.]

Co-operative Socities -

Liquidation - Mulky Local Cooperative Union Limited -

Appeal - Rejected -

D 2211 111/32
4.5.32

To

The Honourable, the Minister
To the Government Development Department,
MADRAS.

M/21-23 (F)

An appeal under Section 39(2) of the Co-operative societies Act II of 1912, - India, against the order of the Registrar of Co-operative societies, Madras, No. F1077/32 dated 27-2-32 - cancelling the registration of the Moolky Local Co-operative union, Ltd., No. 6317 in South Kanara District, dated 24th. April 1932.

Sir,

We the undersigned members of the Moolky Local Co-operative Union beg to place before you the following facts for your favourable consideration.

2. The registration of the Moolky Local Co-operative Union, Ltd., No. 6317, has been cancelled in Registrar's proceedings No. F. 1077 dated 27-2-32. The facts leading to the cancellation of the registration have been noted in the above said proceedings. (copy of which is enclosed herewith)

M/21-23 (F)

Not rec'd

3. While contradicting the facts mentioned in the said order, we wish to place the following points.

(1) The Union started with 5 affiliated societies and it is as a result of the enthusiastic work of the honorary directors of the Union for the past 11 years that there has been an increase in number of societies, which is at present 21.

(2) The Union continued to work satisfactorily for about 10 years as is evidenced by the several remarks of the financing bank and the department in their reports. When in the 1931 the Union did not function well owing to various reasons. This state of affairs did not continue long, but was remedied by fresh election of the directors on 6-12-1931, who ever since the date have been

been taking a good deal of interest in the sound working of the Union and therein by pulling up bad societies. The statement can be substantiated from the following facts.

Number of societies visited by Directors.....	9
Number of meetings held in the office of the affiliated societies ..	3
Number of societies reconstituted ...	2

The Union in its General Body resolution No. 2/6-12-31 (copy enclosed) has unanimous opposed the idea of liquidation and had requested the Deputy Registrar to view the matter favourably.

In event of the cancellation order taking effect, the societies now affiliated to the Union will have to be either affiliate to the Mangalore Local Union or remain dis-affiliated without coming under this scheme of non-official supervision. In case the societies are affiliated to Mange Local Union the distance from these societies will from 15 to 25 miles. Under such v jurisdiction the whole end and aim of supervising Union is defeated in as much it wil be impossible for the directors toexercise any control or local influence amongst the societies by constant visits. Again it is going against the circular of the Regis that a Union should not have ordinarily a jurisdiction of more than 10 miles all roun It is needless to point out the difficultie of societies, if there are to keep aloof wi

the financing bank should oppose the --- continuance of the Union.

Of course there has been an increase in the overdues to the Central Bank from the societies affiliated partly owing to the world wide economic depression and partly to the Union not functioning properly for a small period. None of the directors are, however, defaulters in their own societies in respect of their own dues to the societies. The directors hope to keep down the arrears at as low a figure as possible.

In conclusion, we pray that in the interest of the -- affiliated societies, in particular, the order of the -- Registrar cancelling the registration may be cancelled and the Union given a chance to render whatever little help it could possibly give to its affiliated societies.for

For which act of kindness and justice, we shall ever remain grateful.

Your most obedient servants,

From the members of
the Moolky Local C
o mt

liquidation of the

Inst 22 n 111/32-DG. J. 32

Referred to the
Regr of C.S. for remarks

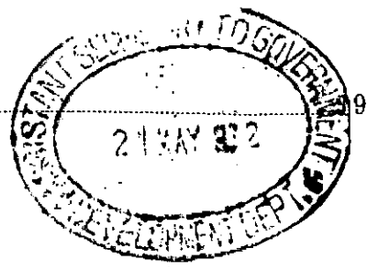
DM 4.5.32 — RR 6.5.32 — 18/5/32

TO A.S.

The appeal is time barred
by a few days. The Regn's proceedings
are d. 27-2-1932 and the appeal
DM 4.5.32 was due before 27-4-1932
The appeal is however d. 24-4-1932
and as the Regn proceedings must
have reached the appellants
a few days after 27-2-1932,
the appeal may perhaps
be admitted -

Regr

Co-operative **DEPARTMENT.**



Received ..... 19 *Registered* 19

Subject.

LIQUIDATION - Mulky Local Co-operative Union Ltd - Cancellation of Registration - Appeal.

* * * *

ENCLOSURES. ✓
No. Dev. 1077/32
& Appeal Petn
Spare copies .....

No. F. 2563/32

Station Madras, *Dated the* 16th May 1932.

From (Name) D. N. Strathie Esquire., I.C.S.,
(Designation) Registrar of Co-operative Societies,
Chepauk, Madras.

To The Secretary to the Government of Madras,
DEVELOPMENT *Department.*
Fort St.George, Madras

Sir,

1464

Ref:- Endorsement No.2211-III-32-1 dated 9th May 1932

* * *

4646-11 Mnfs I enclose a copy of the report of the Deputy Registrar which effectively disposes of the arguments in the appeal petition. The Union has been useless and has involved a waste of co-operative funds. In the face of the opinion expressed by its president and the Directors of the Central Bank, it is impossible to allow it to continue.

4648 Mnfs

I have the honour to be,
Sir,
Your most obedient servant,

For Registrar.

19.5.32

D.R.19/5.

Copy of the letter No.D.24/32 dated 30th April 1932 from the Deputy Registrar, of Co-operative Societies, Mangalore, to the Registrar, Chepauk, Madras.

* * * *

Sub:- Liquidation - Mulky Local Co-operative Union Ltd - Cancellation of registration - Appeal.

--oOo--

The registration of the Mulky Local Co-operative Union was cancelled in Registrar's Proceedings No.F.1077/32 dated 27th February 1932. I submit herewith a copy of the appeal preferred by the union against the order cancelling registration.

The Union Directors contradict the facts mentioned inthe order and assert that the Union was working satisfactorily for about 10 years and that it is only since 1931 for a short period the Union did not function well owing to various causes.

2. Daniel Aranza, President of the Chitrap society and one of the Directors of the Union has stated in the course of the enquiry under Section 35 that before Ramanna Shetty's time Union meetings were being held in the societies' offices and that during that period the sccieties were showing some life and vigour. He has also stated that after Ramanna Shetty's time it is only for a year or two such meetings were held in the society's office. But later these meetings were being held for the past four years in the union office only. This statement correctly represents the facts.

3. During the year ending 30th June 1928, not a single meeting of the Union was held in any of the offices of the societies. In the audit review for the year it was remarked that it was "rather discouraging to note that the directors were not able to convene any of its meetings in the area of any of its affiliated societies with a view to be in personal touch with its working so as to help them to revive and improve if possible." It was also noted in that review that no reports of inspection were being received by the Union even though a number of societies were visited by the Directors for general inspection and propaganda work. It was suggested that

-that such inspection reports should be regularly sent and placed before the subsequent meeting of the Governing Body.

4. Again in the audit review for the year ending 30th June 1929 it was remarked that no meetings were held in the area of affiliated societies although the governing body is expected to hold as many meetings as possible in the villages to keep personal touch with local societies and to improve their working". also remarked that the "Directors with the exception of Messrs H Ramanna Shetty, B. Bhoja Rao and Siddu Shetty do not appear to h very much interested themselves in visits to societies." It was during this year that the Secretary drew Rs 94-8-0 as honorarium, and since there was no provision in the bylaws it was kept under suspense account and was asked to be refunded.

5. In spite of these exhortations and suggestions the audit review for the year ending 30th June 1930 discloses a distinct and marked deterioration in the working of the Union. No General body meeting was convened during the year. Only seven governing bod meetings were held at the headquarters of the Union of which four were adjourned for want of a quorum. This shows the lack of interest shown by the governing body members.

6. The loan applications ~~were~~ were passed by a loan committee. Though 8 societies were visited by the Directors not a single report of inspection was sent to the Union. It was pointed out to the Union that unless the Directors furnished a detailed report of the result of the inspection the societies would not be in a position to rectify the defects and benefit by the inspection. The touring of the Supervisor was not properly regulated. Many of the registers, viz, property statement register, reserve fund register and audit defect rectification register were not maintained upto date. In that audit review it was suggested that the Directors should hold as many meetings as possible in the office of the bad and dormant societies and try their best to improve the condition of the societies. It was also suggested that each of the Directors may take up two or three societies for rectification and collection work, use their influence to put the societies in good and proper working condition, if necessary after reconstituting

-reconstituting the panchayat.

7. The working of the Union during the year ending June 1931 showed further deterioration. Only six governing body meetings were held, of which two were adjourned for want of quorum. No governing body meetings were held in the office of any of the affiliated societies. Nor were these meetings held often or at least once a month as required by the bylaws. The Secretary is shown as having visited nine societies but did not send a single report of inspection to the Union. The supervision exercised by the Union and supervisor over the societies was far from satisfactory. The affairs of many of the affiliated societies were allowed to go from bad to worse with the result that overdues from members to societies and from societies to Central Bank increased and the panchayatdars failed to take pains to collect the overdues or to work the societies on proper lines. The only good served by the Union was to benefit the Secretary who appropriated Rs 154-8-0 as honorarium during the year inspite of the fact that similar amount drawn previously was held under objection.

8. For these reasons the Directors of the Central Bank proposed to liquidate the union after careful consideration and deliberation, and their proposal was submitted to the Registrar with my D.2522/31 dated 29th October 1931 for orders whether I could hold enquiry under Section 35 and with the previous approval of the Registrar, I conducted the enquiry. In the enquiry it was disclosed that the Union Directors were content to attend meetings and leave affairs entirely into the hands of a single individual, H.Ramanna Shetty. Mr. Aranha says that the societies went bad because the Secretary and the Supervisor did not attend to the work with zeal. Another Director, who is the Secretary of the Sashihithlu society says he cannot attend to the work of the Union. He has not been able to set right the bad state of affairs in hisown society. The representative in the Union of the Kilpady society is in the same position. He wants to close the society. The representative of the Chitrap society distinctly says that he cannot do concentrated work in the societies or help revival. The Secretary of the Union

is a raw man who has no idea of the state of societies nor does he know how many societies have turned bad and are beyond revival. He is now the moving spirit agitating for the retention of the Union.

9. The president of the Union has taken a sensible attitude and realising that the Union has not been of any service to the societies, characterised the expenditure on the clerk, peon and rent of building as waste of public funds It is not on the opinion of the President alone that the liquidation was recommended The Central Bank Directors who represent non-official public opinion in the District, have in consideration of all the circumstances set forth above recommended liquidation.

10. Having set forth generally the circumstances leading to the recommendation to liquidate the Union I shall deal with the specific points raised in the petition. M/1-3 Enq

(1) The claim that the Union was working satisfactorily for ten years (point 2) is not supported by the facts as disclosed in the audit reviews referred to in para 3 to 7 supra. The enthusiastic honorary directors referred to in the petition were Messrs (1) H. Ramanna Shetty. (2) B. Bhoja Rao (3) Shantiraja Hegde and (4) J.M. Pinto. Of these H. Ramanna Shetty was the Secretary of the Union and has since been convicted for misappropriation of the Central Bank funds and there is a prosecution pending against him for misappropirating the funds of the Hejmady Co-operative Society of which he is the Secretary. He has practically misappropriated the Union funds also. He has no further opportunities for enthusias service of the kind. B. Bhoja Rao is a local Board Teacher. The society with which he was connected is in a bad state. He was the sole individual dictating the affairs of the Bappanad society which has been dormant for over two years and the & efforts at collection are far from satisfactory. He has not been given permission to continue as panchayatdar by the Local authority and yet the existing panchayat trusts to him for managing the affairs. He has not been able to set right the bad state of affairs in his own society. Shan Raj Hegde was ousted from the Panchayat of his society on account of

-account of his management and the Aikala society of which he was the President is on the verge of liquidation. He had to make good to the society Rs 700/- on account of bad loans. The dispute between him and his society was recently amicably settled by his paying that amount and getting a transfer of the decrees. He has also ceased to be a member. J.M. Pinto was the president of the Damarsakatte society against which the Bank filed a suit and an agent has been appointed for collection. J.M. Pinto left everything into the hands of Shivappa Shetty who was a man of no means and who borrowed freely in his own name and in the name of his son and all these loans have become irrecoverable. The other enthusiasts are the representatives of the Chitrap and Sanihithlu Societies. They are unable to attend to the work of the Union. These are two of the five Directors enquired. The President expressed his opinion in favour of liquidation. Under the circumstances the general body resolution to retain the Union will be seen to be a decision arrived at without due and adequate consideration of all the circumstances of the case (point 3). 12

11. Whatever may be the theoretical advantage of having compact jurisdiction for a local Union there can be no benefit to the societies from a union such as the present Mulky Union. They have derived no benifit in the past and they can derive none in the future. The Union can only benefit the clerk and the peon and help them to retain their job and the Secretary who is a raw man finds himself disappointed at the sudden deprivation of the opportunity for the exercise of power, authority and patronage whic he only recently got. Finding no proper grounds to support their plea for retention, the Directors and the Secretary indulge in needlessly offending criticism of the Deputy Registrar's opinion and characterise it as a perverted view. It was put forward by the President of the Union himself. I am afraid the bent of mind which makes such criticism possible does not conduce to a spirit of co-operation. Time after time the Union was requested to work on proper lines, I took particular pains to call for a general body meeting of the Union and convened a conference of panchayatdar-

last year wherein the duties of members, Panchayatdars and Union Directors were explained at length and yet the Directors continued to neglect their duties. The Horse may be taken to the water but it is not possible to make it drink. I do not think any useful purpose will be served by continuing to keep on the Mulky Union.

Sd/ X x x x

Deputy Registrar.

Liquidation - Mulky Local Coop unio
Appeal
CRO 22 11 111/32

To A.S.

Mf 1-34 Please see the appeal preferred by
the members of the union against the
Mf 21-23 (F) Regrs order cancelling the registration
f 54 of the union and the Regrs remarks
thereon

The reasons for the liquidation of
the union will be found at Mf 21-23
Mf 21-23 (F) of the Regrs Proceedings no F 1077-32 d 27-2-32
Reference is solicited to the Dy Regr's letter
Mf 6-11 f no D 24/32 d 30-4-32 in which the various
contentions of the petitioners are examined.
Mf 8 f 8 f It will appear from the enquiry held under Sec 35
that the union Directors were content
to attend meetings and leave affairs
entirely in the hands of a Single
individual Mr H Ramanna Shetty. There
Mf 5 f 7 f was a lack of interest shown by the
governing body members The Secy of the
union is the moving spirit in
Mf 8 Mf 8-9 f agitating for the retention of the union
f 5 f The Regr reports that the union had ~~lost~~ involved

unaware
~~a lot~~ of Cosh funds and in the face
of the opinion expressed by its President
and the Directors of the Central Bank
that the mines should be liquidated
it is impossible to allow it to continue.
Submitted that the Regrs recommendation
may be accepted

Scott. II-5 (a)

DEPARTMENT.

	Date.	Initials
When received for Fair-copying		
When copied ..		
When examined ..		
When signed ..		
When despatched ..		

Coop Societies
Liquidation - Mulky
Local Coop Union Ltd - appeal
Rejected

READ AGAIN G.O. No. ....., dated ..... 19 .

" " " " ..... " ..... 19 .

READ ALSO :—

C. No. 2211 III/32 From the Member of the Union, No. ....., dated nil 19

" " ..... Lrst to the Regrs " ..... " 9.5 1932

" " 2420 III/32 " In the Regrs's 7, 2563/32 " 16-5 1932

ORDER. No. 741, dated 1.6.32 19

(Illegible)

The Govt see no reasons to interfere

27.5.32 27.5.32

To the Regr of C.S.
(with Record returned)

Mulky. P.J.C. Kamalletu
Director Representative of
Mulky Coop Union
5 Kanara Dt.

W/record F.
1/6